

to be within its discretion or the power conferred upon it by this Current Bond Ordinance, or the responsibility for the consequences of any oversight or error of judgment.

The Bond Registrar/Payee Bank may at any time resign from its duties set forth in this Current Bond Ordinance by filing its resignation with the City Clerk and notifying the Purchaser of the Current Bonds. Thereupon, the City shall designate a successor Bond Registrar/Payee Bank which shall be an incorporated bank or trust company authorized to transact business in the United States of America. Notwithstanding the foregoing, in the event of the resignation of the Bond Registrar/Payee Bank, provision shall be made for the orderly transition of the books, records and accounts relating to the Current Bonds to the successor Bond Registrar/Payee Bank in order that there will be no delinquencies in the payment of interest or principal due on the Current Bonds.

The Bond Registrar/Transfer Agent/Payee Bank shall indicate its acceptance of its duties as Bond Registrar, Transfer Agent and Payee Bank by signing the acceptance by NationsBank of Kentucky, N.A. at the conclusion of this Current Bond Ordinance.

**SECTION 21. DESIGNATION AS "QUALIFIED TAX-EXEMPT OBLIGATIONS".**

The City hereby certifies that it does not reasonably anticipate that the total principal amount of "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code which the City, or any subordinate entity of the City, will issue during the calendar year during which the Current Bonds are issued, will exceed \$10,000,000; and therefore the City hereby designates the Current Bonds issued pursuant to this Current Bond Ordinance as "qualified tax-exempt obligations".

**SECTION 22. AUTHORIZATION TO SUBSCRIBE TO SLGS.** Authority is given to Wm. Carl Fust, Esq., W. Randall Jones, Esq. and Charles S. Musson, Esq., of Ruben Hays & Foley, First Trust Centre, 200 South Fifth Street, Louisville, Kentucky 40202, and to any one of them, to act on behalf of the City in signing on behalf of the City subscriptions for the purchase of an issue of United States Treasury Certificates, Notes or Bonds - State and Local Government Series, to be issued to the Escrow Agent in connection with the investment of the proceeds of the Current Bonds.

**SECTION 23. PROVISIONS IN CONFLICT REPEALED.** All ordinances, resolutions and orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby repealed and it is hereby specifically ordered and provided that except for the permissible issuance of parity bonds pursuant to Section 12 hereof, any proceedings heretofore taken for the issuance of other bonds payable or secured in any manner by all or any part of the income and revenues of the System or any part thereof, and which have not heretofore been issued and delivered are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered.

**SECTION 24. SEVERABILITY CLAUSE.** If any section, paragraph, clause, or provision of this Current Bond Ordinance shall be held invalid, the invalidity of such section,

paragraph, clause or provision shall not affect any of the remaining provisions of this Current Bond Ordinance.

**SECTION 25. EFFECTIVE DATE OF ORDINANCE.** This Current Bond Ordinance shall be introduced at a meeting of the Governing Body and remain on file for at least one week for public inspection in the completed form in which it shall be put on its final enactment and if enacted shall be published by title and summary in a Notice of Enactment and Summary of Ordinance and shall be in full force and effect immediately following publication of such Notice.

Introduced and Given First Reading, November 16, 1993. Given Second Reading and Final Enactment, November 30, 1993.

CITY OF HOPKINSVILLE, KENTUCKY

  
\_\_\_\_\_  
Mayor

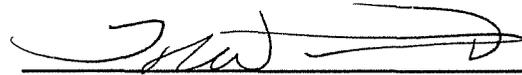
Attest:

  
\_\_\_\_\_  
City Clerk

CERTIFICATE OF CITY CLERK

I, T. MARK WITHERS II, hereby certify that I am the duly qualified and acting City Clerk of the City of Hopkinsville, Kentucky, that the foregoing Ordinance is a true and correct copy of an Ordinance authorizing the issuance of \$4,080,000 of City of Hopkinsville, Kentucky Water and Sewer Refunding Revenue Bonds, Series 1993, dated December 15, 1993, that said Ordinance was introduced and given first reading by the City Council of said City on November 16, 1993, and that it was placed and remained on file in my office for public inspection in that identical, completed form until November 30, 1993, on which date it was given its second reading and final enactment by said City Council, that said meetings were duly held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820, and 61.825, that a quorum was present at each of said meetings, that such Ordinance has been ordered to be published by title and summary in a Notice of Enactment and Summary, in the form attached hereto, and that said Ordinance has not been modified, amended, revoked or repealed, and that same is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature as City Clerk and the official Seal of said City this November 30, 1993.



T. Mark Withers II  
City Clerk

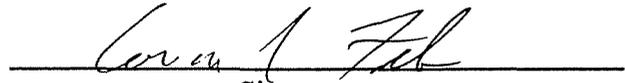
(Seal of City)

ACCEPTANCE BY NATIONSBANK OF KENTUCKY, N.A.,  
BOND REGISTRAR, TRANSFER AGENT, AND PAYEE BANK

The undersigned, Carmichael Fels, hereby agrees to the provisions of the foregoing Ordinance to the extent there are contained therein provisions as to the rights and duties of it as Bond Registrar, Transfer Agent and Payee Bank.

Date: December 15, 1993.

NATIONSBANK OF KENTUCKY, N.A.,  
Hopkinsville, Kentucky



Signature  
President

ORDINANCE NO. 11-96

BOND ORDINANCE

AN ORDINANCE OF THE CITY OF HOPKINSVILLE, KENTUCKY, AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF TWO MILLION EIGHTY THOUSAND DOLLARS (\$2,080,000), SUBJECT TO ADJUSTMENT, PRINCIPAL AMOUNT OF CITY OF HOPKINSVILLE, KENTUCKY WATER AND SEWER REVENUE BONDS, SERIES 1996, DATED JUNE 15, 1996, UNDER THE PROVISIONS OF SECTIONS 58.010 THROUGH 58.140, INCLUSIVE, OF THE KENTUCKY REVISED STATUTES, FOR THE PURPOSE OF FINANCING THE CONSTRUCTION OF A NEW WATER TREATMENT PLANT AND ADDITIONS AND IMPROVEMENTS TO THE WATER DISTRIBUTION SYSTEM OF THE CITY.

WHEREAS, the City of Hopkinsville (the "City"), a second class city, of Christian County, Kentucky, presently owns and operates the combined and consolidated waterworks and sewer system (the "System") of said City, and

WHEREAS, the City has heretofore issued its City of Hopkinsville Water and Sewer Refunding Revenue Bonds of 1975, dated December 1, 1975 (the "Series 1975 Bonds") in the original principal amount of \$8,030,000, authorized by an ordinance enacted by the City Council of the City on December 5, 1975 (the "1975 Bond Ordinance"), and

WHEREAS, the City has heretofore issued its City of Hopkinsville, Kentucky Water and Sewer Refunding Revenue Bonds, Series 1989, dated August 1, 1989 (the "Series 1989 Bonds") in the original principal amount of \$6,050,000, authorized by an ordinance enacted by the City Council of the City on July 18, 1989 (the "1989 Bond Ordinance"), and

WHEREAS, the City has heretofore issued its City of Hopkinsville, Kentucky Water and Sewer Refunding Revenue Bonds, Series 1993, dated December 15, 1993 (the "Series 1993 Bonds"), in the original principal amount of \$4,075,000, authorized by an ordinance enacted by the City Council of the City on November 30, 1993 (the "1993 Bond Ordinance"), and

WHEREAS, in and by the 1975 Bond Ordinance, the 1989 Bond Ordinance and the 1993 Bond Ordinance (hereinafter collectively referred to as the "Prior Bond Ordinance"), the right and privilege was reserved by the City under conditions and restrictions set out in said Prior Bond Ordinance, of issuing additional bonds from time to time, payable from the income and revenues of the System and ranking on a parity with the outstanding Series 1975 Bonds, Series 1989 Bonds and Series 1993 Bonds (hereinafter collectively referred to as the "Prior Bonds"), for the purpose among other things, of financing the costs of extensions, additions and improvements to the System, which conditions and restrictions are found to currently exist and prevail so as to permit the issuance of certain proposed additional bonds so as to rank, when issued, on a parity with the outstanding Prior Bonds, and

WHEREAS, it is deemed necessary and advisable for the best interests of the City that the City Council authorize the issuance and sale of \$2,080,000 (subject to adjustment) of City of Hopkinsville, Kentucky Water and Sewer Revenue Bonds, Series 1996, dated June 15, 1996 (the "Current Bonds"), for the purpose of providing funds for the construction of a new water treatment plant and additions and improvements to the City's water distribution system, and to reaffirm the conditions and restrictions whereunder similar bonds may be subsequently issued ranking on a parity therewith, and

WHEREAS, under the provisions of Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes, and under the provisions of the Prior Bond Ordinance, the City is authorized to issue the Current Bonds to provide such funds for the purpose aforesaid,

NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF HOPKINSVILLE, KENTUCKY, AS FOLLOWS:

**Section 1. Definitions.** As used in this Ordinance, unless the context requires otherwise:

"Act" refers to Sections 82.082, 58.010 through 58.140 and 58.440, of the Kentucky Revised Statutes.

"Authority" means the Hopkinsville Water Environment Authority, Hopkinsville, Kentucky.

"Bond Ordinance of 1993" or "1993 Bond Ordinance" refers to the Ordinance authorizing the Series 1993 Bonds, which Ordinance was enacted by the City Council of the City on November 30, 1993.

"Bond Ordinance of 1989" or "1989 Bond Ordinance" refers to the Ordinance authorizing the Series 1989 Bonds, which Ordinance was enacted by the City Council of the City on July 18, 1989.

"Bond Ordinance of 1975" or "1975 Bond Ordinance" refers to the Ordinance authorizing the Series 1975 Bonds, which Ordinance was enacted by the City Council of the City on December 5, 1975.

"Bond Counsel" refers to a nationally recognized firm of Bond Counsel including the firm of Rubin Hays & Foley, First Trust Centre, 200 South Fifth Street, Louisville, Kentucky 40202, which firm has prepared the legal proceedings for the issuance of the Current Bonds, has furnished all of the customary services of Bond Counsel in this financing and will continue to furnish such services until the Current Bonds are delivered and paid for, including the rendering of the final approving legal opinion with regard to the legality of the Current Bonds and the tax exemption of the interest thereon.

*"Bondowner", "Owner", "Bondholder"* means and contemplates, unless the context otherwise indicates, the registered owner of one or more of the Bonds at the time issued and outstanding hereunder.

*"Bond Register"* means the books and records maintained by the Bond Registrar as to the registered ownership and transfers of ownership of the Current Bonds from time to time.

*"Bond Registrar" or "Registrar" or "Paying Agent"* refers to the bank which shall constitute the Bond Registrar and Paying Agent with respect to the Current Bonds, which bank shall have the duties and responsibilities of (a) issuing semiannual checks in payment of interest requirements as to the Current Bonds, (b) paying the principal of same at maturity or applicable mandatory redemption or optional redemption prior to maturity upon surrender of the Current Bonds, (c) authenticating, issuing and delivering the Current Bonds to the original purchasers of same in accordance with the sale of the Current Bonds, at the direction of the City, (d) maintaining the Bond Register and (e) handling exchanges, cancellations, reissuance, redemption and all apparent duties of a Bond Registrar and Paying Agent with respect to the Current Bonds, as hereinafter set out. The Bond Registrar and Paying Agent hereby designated is the First City Bank & Trust Company, Hopkinsville, Kentucky. Provided, however, it is understood that the City reserves the right to designate a different Federal Deposit Insurance Corporation instrumentality to perform any and all of such functions of Bond Registrar and Paying Agent as to the Current Bonds.

*"Bonds"* refers to the Current Bonds, the Prior Bonds and any additional Parity Bonds.

*"Certified Public Accountants"* refers to an independent Certified Public Accountant or firm of Certified Public Accountants, duly licensed in affairs of the System and/or of other City financial matters. Until otherwise directed by the Governing Body of the City, such term shall be deemed to refer to the firm of Kem & Martin, P.S.C., Certified Public Accountants, Hopkinsville, Kentucky.

*"City" or "Issuer"* refers to the City of Hopkinsville, in Christian County, Kentucky.

*"City Clerk"* refers to the City Clerk of the City.

*"City Council"* means the City Council of the City or such other body as shall be the governing body of said City under the laws of Kentucky at any given time.

*"City Financial Officer"* refers to the City Financial Officer of the City.

*"Code"* refers to the United States Internal Revenue Code of 1986, as amended, and any regulations issued thereunder.

*"Construction Fund Depository"* refers to Pennyrile Citizens Bank and Trust Company, Hopkinsville, Kentucky.

"*Current Bonds*" refers to the \$2,080,000 (subject to adjustment) of the City of Hopkinsville, Kentucky Water and Sewer Revenue Bonds, Series 1996, dated June 15, 1996, authorized herein, and sold by the City pursuant to the provisions hereof.

"*Current Bond Ordinance*" or "*Ordinance*" refers to this Ordinance authorizing the Current Bonds.

"*Depreciation Fund*" refers to the City of Hopkinsville Water and Sewer System Depreciation Fund created in Section 13(b) of the 1975 Bond Ordinance.

"*Depreciation Fund Depository*" refers to First City Bank & Trust Company, Hopkinsville, Kentucky, NationsBank of Kentucky, N.A., Hopkinsville, Kentucky and Pennyriple Citizens Bank and Trust Company, Hopkinsville, Kentucky.

"*Depository Bank*" refers to the banks in which the Funds referred to in this Ordinance will be deposited and maintained, unless and until the General Manager designates a different FDIC instrumentality or instrumentalities as the depositories for such Funds; and shall at the date of this Ordinance refer to (i) the Sinking Fund Depository; (ii) the Revenue Fund Depository; (iii) the Operation and Maintenance Fund Depository; (iv) the Depreciation Fund Depository; (v) the Sinking Fund Reserve Depository; and (vi) the Construction Fund Depository.

"*Director of Personnel and Finance*" refers to the Director of Personnel and Finance of the Authority.

"*Engineer*" or "*Independent Consulting Engineer*" refers to an Independent Consulting Engineer or firm of Engineers of excellent national reputation or of recognized excellent reputation in Kentucky in the fields of waterworks and sewer engineering. Until otherwise directed by the Governing Body, such term shall be deemed to refer to the firm of Howard K. Bell, Consulting Engineers, Inc., 102 West Second Street, Hopkinsville, Kentucky 42240, or its successors or assigns.

"*Financial Advisor*" refers to J.J.B. Hilliard, W.L. Lyons, Inc., a Kentucky corporation, 501 South Fourth Avenue, Louisville, Kentucky 40202.

"*Funds*" refers to the Revenue Fund, the Sinking Fund, the Operation and Maintenance Fund, the Depreciation Fund, the Sinking Fund Reserve and the Construction Fund.

"*General Manager*" refers to the General Manager of the Authority.

"*Governing Body*" refers to the City Council of the City, or such other body as shall be the governing body of said City under the laws of Kentucky at any given time.

"*Interest Payment Date*" shall mean April 1 and October 1 of each year, commencing October 1, 1996.

*"Investments"* refers to investments of funds on deposit in the various funds created herein (subject to certain modifying provisions applicable to the possible Future Escrow as to the Bonds), and includes: (a) U. S. Obligations, as defined herein, and (b) interest-bearing time deposits or Certificates of Deposit issued by FDIC Banks, fully secured, to the extent of the amount in excess of the amount insured by the Federal Deposit Insurance Corporation, by a pledge of direct obligations or obligations guaranteed by the United States of America, having a fair market value, exclusive of accrued interest, equal to not less than 100% of such excess amount.

*"KIA"* refers to the Kentucky Infrastructure Authority, Frankfort, Kentucky, a body corporate and politic, constituting a public corporation and governmental agency and instrumentality of the Commonwealth of Kentucky.

*"KIA Loans"* refers to loans made by the KIA to the City for the benefit of the Authority which are subordinate to the Outstanding Bonds and include: (a) a 1992 loan in the original principal amount of \$9,190,530, and (b) a 1995 loan in the original principal amount of \$5,000,000.

*"Mayor"* refers to the Mayor of the City.

*"Operation and Maintenance Fund"* refers to the "City of Hopkinsville Water and Sewer System Operation and Maintenance Fund" created in Section 13(c) of the 1975 Bond Ordinance.

*"Operation and Maintenance Fund Depository"* refers to both First City Bank & Trust Company, Hopkinsville, Kentucky, and to NationsBank of Kentucky, N.A., Hopkinsville, Kentucky.

*"Original Purchasers"* or *"Purchasers"* refers to the Original Purchasers of the Current Bonds at the public sale, including all members of their purchasing syndicate or group.

*"Outstanding Bonds"* refers collectively to all outstanding Prior Bonds, the outstanding Current Bonds and any outstanding Parity Bonds, and does not refer to any bonds which have been defeased.

*"Parity Bonds"* means bonds issued in the future, which will, pursuant to the provisions of the Bond Ordinance, rank on a basis of parity with the Current Bonds and shall not be deemed to include, nor to prohibit the issuance of, bonds ranking inferior in security to the Current Bonds.

*"Prior Bond Ordinance"* refers collectively to the 1975 Bond Ordinance, the 1989 Bond Ordinance and the 1993 Bond Ordinance.

*"Prior Bonds"* refers collectively to the Series 1975 Bonds, the Series 1989 Bonds and the Series 1993 Bonds.

*"Purchasers"* refers to the original purchasers of the Current Bonds at the public sale, including all members of their purchasing syndicate or group.

*"Regular Record Date"* or *"Record Date"* shall mean with respect to any Interest Payment Date, the close of business on March 15 or September 15, as the case may be, next preceding such Interest Payment Date, whether or not such March 15 or September 15 is a business day.

*"Required Reserve"* refers to an amount, as of any particular date of computation, equal to not less than the maximum amount of principal and interest requirements falling due in any year on all of the outstanding Prior Bonds, Current Bonds and any Parity Bonds, which Required Reserve is required to be accumulated in the Sinking Fund Reserve, as set out in the Prior Bond Ordinance and as in Section 12 of this Bond Ordinance.

*"Revenue Fund"* refers to the City of Hopkinsville Water and Sewer Bond Revenue Fund created in the Prior Bond Ordinance and which Revenue Fund will continue to be maintained for the benefit of all of the Bonds.

*"Revenue Fund Depository"* refers to NationsBank of Kentucky, N.A., Hopkinsville, Kentucky, with respect to the sewer system and to First City Bank & Trust Company, Hopkinsville, Kentucky, with respect to the water system.

*"Sale Resolution"* refers to the Municipal Order approved by the City accepting the successful bid on for the Current Bonds and setting the principal amount, maturities and interest rates for the Current Bonds.

*"Series 1975 Bonds"* refers to the original authorized \$8,030,000 of City of Hopkinsville Water and Sewer Refunding Revenue Bonds of 1975, dated December 1, 1975.

*"Series 1989 Bonds"* refers to the original authorized \$6,050,000 of City of Hopkinsville Water and Sewer Refunding Revenue Bonds, dated August 1, 1989.

*"Series 1993 Bonds"* refers to the original authorized \$4,075,000 of City of Hopkinsville Water and Sewer Refunding Revenue Bonds, dated December 15, 1993.

*"Sinking Fund"* refers to the City of Hopkinsville Water and Sewer Bond and Interest Redemption Fund created in the Prior Bond Ordinance and which Sinking Fund will continue to be maintained for the benefit of all of the Bonds.

*"Sinking Fund Depository"* refers to NationsBank of Kentucky, N.A., Hopkinsville, Kentucky, with respect to the outstanding Series 1975 Bonds and the outstanding Series 1993 Bonds and to First City Bank & Trust Company, Hopkinsville, Kentucky, with respect to the outstanding Series 1989 Bonds and the Current Bonds.

*"Sinking Fund Reserve Depository"* refers to NationsBank of Kentucky, N.A., Hopkinsville, Kentucky.

"System" refers to the City waterworks and sewer systems which have been heretofore combined and consolidated into a single revenue-producing public water and sewer project or system, together with all future extensions, additions and improvements to said System.

"Term Bonds" refers to the Current Bonds, if any, which are required to be mandatorily redeemed in accordance with the schedule set out in the Sale Resolution.

"U.S. Obligations" refers to bonds, notes, or Treasury Bills which are direct obligations of the United States of America or obligations fully guaranteed by the United States of America, including book-entry obligations of the United States Treasury-State and Local Government Series, and Trust Receipts representing an ownership interest in direct obligations of the United States.

**Section 2. Authorization of Current Bonds.** For the purpose of financing the construction of a new water treatment plant and additions and improvements to the water distribution system of the City, there are hereby authorized to be presently issued and sold Two Million Eighty Thousand Dollars (\$2,080,000) principal amount of City of Hopkinsville, Kentucky Water and Sewer Revenue Bonds, Series 1996, dated and bearing interest from June 15, 1996. The principal amount of said Current Bonds may be increased or decreased in an amount of \$200,000 as determined by the City Council on the date of sale of the Current Bonds. Said Current Bonds shall mature on October 1 in the years 1997 through and including 2016. The Current Bonds shall bear interest payable semiannually on the first days of April and October of each year, beginning on October 1, 1996, at an interest rate or rates to be fixed by the Sale Resolution of the Governing Body as a result of the advertised sale of the Current Bonds. Interest shall be calculated on the basis of a 360-day year consisting of twelve, thirty-day months.

**Section 3. Current Bonds Issued as Fully Registered Bonds; Registered Owners.** The Current Bonds shall be issued only in fully registered form without coupons, in denominations of \$5,000 or any integral multiple thereof within a single maturity. The Current Bonds shall be numbered consecutively from R-1 and upward. Each initially issued Current Bond and each Current Bond issued prior to the first Interest Payment Date of the Current Bonds shall be dated on the face of the Current Bond as of and shall bear interest from June 15, 1996. Each Current Bond issued (as a result of exchange or transfer) after such first Interest Payment Date shall be dated on the face of the Bond as of and shall bear interest from the Interest Payment Date next preceding the date on which such bond is issued, unless such bond is issued on an Interest Payment Date, in which case it shall be dated as of and shall bear interest from such date of issue; provided, however, that if at the time of issuance of any Bonds the interest thereon is in default, such bond shall be dated as of the date to which interest has been paid in full.

The person in whose name any Current Bond is registered on the Bond Register maintained by the Bond Registrar, on the Regular Record Date with respect to an Interest Payment Date, shall be entitled to receive the interest payable on such Interest Payment Date (unless such Current Bond shall have been called for redemption on a redemption date which is prior to such Interest Payment Date) notwithstanding the cancellation of such Current Bond upon

any registration of transfer or exchange thereof subsequent to such Regular Record Date and prior to such Interest Payment Date, except in the event of default of the Current Bonds.

**Section 4. Place of Payment and Manner of Execution.** The principal of (and premium, if any) and interest on the Current Bonds shall be payable in lawful money of the United States of America as they respectively become due, whether at maturity or by prior redemption. Principal of the Current Bonds is payable at the main office of the Paying Agent and Bond Registrar. Interest on the Current Bonds shall be paid by check mailed by the Paying Agent on or before each Interest Payment Date to the persons entitled thereto as of the end of business on the Regular Record Date preceding each applicable Interest Payment Date, at the respective addresses appearing on the Bond Register.

So long as any Current Bonds remain outstanding, the Registrar shall maintain at its principal office a Bond Register showing and recording a register of the Owners of the Current Bonds and an accurate record of all registrations, transfers and exchanges relating to the Current Bonds, and shall provide for the registration and transfer of Current Bonds in accordance with the terms of this Ordinance, subject to such reasonable regulations as the Bond Registrar may prescribe.

The Current Bonds shall be executed on behalf of the City with the duly authorized reproduced facsimile signature of the Mayor, and the reproduced facsimile of the City's corporate seal shall be imprinted thereon and attested by the reproduced facsimile signature of the City Clerk; and said officials, by the execution of appropriate certifications, shall adopt as and for their own proper signatures, their respective facsimile signatures on said Current Bonds; provided the Authentication Certificate of Registrar must be executed by the manual signature of the Bond Registrar on each Current Bond before such Current Bond shall be valid.

Arrangements shall be made for the printing of sufficient Bond Certificates to enable the Registrar to maintain an adequate reserve supply of such Bond Certificates as same are sold, exchanged, and/or otherwise surrendered in the future. Notwithstanding anything contained herein, the Bond Registrar shall have the right to order the preparation of whatever number of printed Bond Certificates as, in the sole discretion of the Bond Registrar, shall be deemed necessary in order to enable the Bond Registrar to maintain an adequate reserve supply of such Bond Certificates to effect properly the continuing transfers and exchanges of ownership of Bond Certificates as same are sold, exchanged and/or otherwise surrendered in the future. No further action regarding the authorization or execution of additional Bond Certificates shall be required by the Governing Body, the Mayor or the City Clerk.

At least three business days prior to the delivery of the Current Bonds and the payment of the purchase price for the Current Bonds (the "Closing Date"), each of the original Purchasers shall furnish to the Bond Registrar the name, address, social security number or taxpayer identification number, principal amount and maturities of the party to whom the Current Bonds shall have been resold and in whose name the Current Bonds are to be registered. The Bond Registrar shall then issue and deliver to each Purchaser not more than three days following the

delivery of the Current Bonds, fully registered Bond Certificates for each registered owner so designated.

**Section 5. Provisions as to Mandatory and Optional Redemption.** *(a) Mandatory Redemption of Term Bonds.* The Term Bonds, if any, must be mandatorily redeemed on October 1 in each of the respective years set forth in the mandatory redemption schedule set forth in the Sale Resolution. The Term Bonds to be so redeemed shall be selected by the Registrar by lot in such manner (including the determination of whether such redemption in any given year shall be on October 1) as may be determined in the discretion of the Registrar. Such Term Bonds due shall be so mandatorily redeemed at 100% of the aggregate principal amounts specified in the Sale Resolution for each year plus accrued interest to the respective dates of mandatory redemption.

At the option of the City, to be exercised at least 45 days prior to the date for application of the mandatory redemption of the Term Bonds, if any, the City may receive a credit against the mandatory redemption requirement for Term Bonds subject to the application of such mandatory redemption requirement which, prior to the date for application of such requirement (and for which a credit has not previously been taken) (i) have been redeemed other than through the application of such mandatory redemption procedure, and cancelled by the Registrar, or (ii) have been delivered to the Registrar by the City for cancellation.

*(b) Optional Redemption.* Current Bonds maturing before October 1, 2007 shall not be subject to redemption prior to maturity. The Current Bonds maturing on or after October 1, 2007, are subject to redemption, in whole or in part, at any time and in order of maturity, by the City prior to their stated maturities, on any date falling on or after June 15, 2006, (less than all Current Bonds of a single maturity to be selected in such manner as the Registrar may determine) upon payment of the principal amount to be redeemed plus accrued interest to the date of redemption, on the dates, subject to redemption premium stated as a percentage of the principal amount to be redeemed, as follows:

<u>Redemption Dates (Inclusive)</u>	<u>Redemption Price</u>
June 15, 2006 through September 30, 2007	102%
October 1, 2007 through September 30, 2008	101%
October 1, 2008 and thereafter	100%

*(c) Redemption of Less Than All of a Single Bond.* In the event that a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof, if the Bond is one of the maturities or amounts or part of the maturities or amounts called for redemption. Upon surrender of a Current Bond for redemption in part, the Registrar shall (authenticate and) deliver an exchange Bond or Bonds in a principal amount equal to the unredeemed portion of the Bond so surrendered.

*(d) Notice of Redemption.* The Bond Registrar shall give notice of any redemption by sending such notice by United States mail not less than 30 and not more than 60 days prior to the date fixed for redemption, to the registered owner of each Current Bond to be redeemed in whole or in part at the address shown on the Bond Register as of the date of mailing of such notice. Provided, at least one such notice shall be sent not less than 30 days prior to such date. Such notice shall state the redemption date, the redemption price, the amount of (or number of months of) accrued interest payable on the redemption date, the place at which the Current Bonds are to be surrendered for payment, and, if less than all of the Current Bonds outstanding are to be redeemed, an identification of the Current Bonds or portions thereof to be redeemed. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Bondowner receives such notice. Prior to each redemption date, the Bond Registrar shall make provision, to the extent funds are then available therefor, for the payment of the redemption price of the Current Bonds to be redeemed on such date by setting aside and holding in trust an amount sufficient to pay such redemption price. Upon presentation and surrender of any such Current Bond at the main corporate trust office of the Bond Registrar on or after the date fixed for redemption, the Bond Registrar shall pay the redemption price of such Current Bond (including accrued interest) from the funds set aside for such purpose.

All of said Current Bonds as to which the City reserves and exercises the right of redemption and as to which notice as aforesaid shall have been given, and for the retirement of which, upon the terms aforesaid, funds are duly provided, will cease to bear interest on the redemption date.

The required notice shall be deemed to have been given upon the City furnishing Notice of Redemption to the Registrar and upon the Registrar acknowledging that it has instructions to send such notice and that it will do so at the proper time, even if the time for furnishing such notice has not yet arrived.

**Section 6. Reaffirmation of Declaration of Combined and Consolidated System.** The previous action of the City (declared and reaffirmed in the Prior Bond Ordinance) in declaring the existing waterworks and sewer systems of the City to constitute a combined and consolidated revenue-producing public project or System within the meaning of Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes, is hereby authorized, approved, ratified and confirmed; and so long as any of the Prior Bonds, Current Bonds or any Parity Bonds shall remain outstanding, said System shall be owned, controlled, operated, and maintained on a revenue-producing basis, for the security and source of payment of the Prior Bonds, Current Bonds and any Parity Bonds, under the authority hereinbefore stated.

**Section 7. Mutilated, Lost, Stolen or Destroyed Bonds.** If any Current Bond shall be mutilated, lost, stolen or destroyed, the City may execute, authenticate and deliver a new Current Bond of like maturity and tenor of the same series in lieu of and in substitution for the Current Bond mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Current Bond, such mutilated Current Bond shall first be surrendered to the City, and in the case of any lost, stolen or destroyed Current Bond, there shall be first furnished to the City satisfactory

evidence of the ownership of such Current Bond and of such loss, theft or destruction, together with indemnity satisfactory to the Bond Registrar. If any such Current Bond shall have matured, the City (through the Bond Registrar) may pay the same instead of issuing a new Current Bond. The City and/or the Bond Registrar may charge the owner of such Current Bond its (their) reasonable fees and expenses in this connection.

**Section 8. Authentication of Current Bonds.** The Current Bonds, after execution by the City, shall be delivered to the Bond Registrar. No Current Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Current Bond Ordinance unless and until such Current Bond has been duly authenticated by the Bond Registrar by the execution of the Authentication Certificate of Bond Registrar appearing on such Current Bond. Such Certificate appearing on any Current Bond shall be deemed to have been duly executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar. It shall not be required that the same officer of the Bond Registrar sign such Certificate on all of the Current Bonds.

**Section 9. Current Bonds Secured by and Payable from First Lien on Revenues of System on a Parity with Prior Bonds.** All of the Current Bonds, with interest thereon, and any additional Parity Bonds that may be issued and outstanding under the conditions and restrictions of the Prior Bond Ordinance and of this Current Bond Ordinance, are to be issued in anticipation of the revenues to be derived from the operation of said System, all as hereinafter more specifically provided, shall be payable out of the Sinking Fund created in the Prior Bond Ordinance, on a parity basis with the Prior Bonds, and shall be a valid first lien of the owners thereof against said Sinking Fund and against a sufficient portion of the gross revenues of the System pledged to said Sinking Fund. The City is also obligated to pay the KIA Loans which shall be subordinated to the Current Bonds and the Prior Bonds.

**Section 10. Bond Form.** The aforesaid authorized issue of Current Bonds shall be in substantially the following form set forth in Exhibit A attached hereto.

**Section 11. Compliance with Parity Requirements of Prior Bond Ordinance.** In accordance with the requirements of the Prior Bond Ordinance, it is hereby certified, covenanted and declared:

(a) That prior to the issuance of the Current Bonds, there will have been procured and filed with the City Clerk a statement by a Certified Public Accountant, as defined herein, reciting the opinion, based on necessary investigation, that the net revenues (defined in subsection (1) below) of the combined and consolidated System for twelve (12) consecutive months out of the preceding eighteen (18) months (subject to adjustments permitted under the Prior Bond Ordinance, as specified in subsection (2) below) were equal to at least one and thirty hundredths (1.30) times the maximum amount that will become due in any fiscal year hereafter for both principal and interest requirements with respect to the Prior Bonds then outstanding and with respect to the Current Bonds.

(b) That the foregoing is subject to the following:

(1) For the purpose of the foregoing calculation, the term "Net Revenues" was defined in the Prior Bond Ordinance as "Gross Income and Revenues less operating expenses, which shall include salaries, wages, cost of maintenance and operation, cost of water purchased, if any, materials and supplies, pumping costs, insurance and all other items that are normally and regularly so included under recognized accounting practices, exclusive of allowances for depreciation."

(2) As provided in the Prior Bond Ordinance, the "Net Revenues" referred to above may be adjusted to reflect:

(i) Any revisions in the schedule of rates and charges being imposed at the time of the issuance of such proposed parity bonds; and

(ii) Any increase in such Net Revenues projected by reason of the revenues anticipated to be derived from the then proposed construction project, the cost of which project is to be paid (in whole or in part) through the issuance of the then proposed parity bonds; provided such latter adjustment shall be made only if contracts for the immediate acquisition and/or construction of the proposed construction project have been or will have been entered into (secured by 100% performance bond) prior to the issuance of the proposed parity bonds. All of such adjustments shall be based upon the written certification of an Independent Consulting Engineer.

Accordingly, based on the foregoing compliance with the requirements of the Prior Bond Ordinance, it is hereby found and declared that the Current Bonds shall rank and be payable on a parity with the outstanding Prior Bonds from the gross income and revenues of the System.

**Section 12. Provisions of Prior Bond Ordinance Incorporated Herein; Flow of Funds; Initial Deposits and Adjustments in Required Deposits into Various Funds.**

*(a) Prior Provisions and Adjustments.* All proceedings preliminary to and in connection with the issuance of the Prior Bonds, whereby provision was made for the receipt, custody and application of the proceeds of the Prior Bonds; for the operation of the System on a revenue-producing basis; for the segregation, allocation and custody of the revenues derived from the operation of the System; and for the enforcement and payment of the Prior Bonds; and all other covenants for the benefit of Bondowners set forth in the Prior Bond Ordinance, except as amended, are hereby ratified, confirmed and readopted, and shall continue in force and inure to the security and benefit of the Current Bonds, as well as of the Prior Bonds, the same as if such provisions and proceedings were set out herein in full; provided that:

(1) the amount of income and revenues of the System to be transferred from the Revenue Fund and paid into the Sinking Fund during each of the respective fiscal years,

so long as any of the Prior Bonds and/or Current Bonds are outstanding, shall be sufficient to pay when due, the interest upon and principal of all of the Prior Bonds and all of the Current Bonds.

(2) prior to the issuance of the Current Bonds, the City agrees to deposit sufficient funds into such Depreciation Fund to accumulate a total of \$150,000 which hereafter shall be the amount required to be accumulated and maintained in said Depreciation Fund.

In accordance with the requirements of the Prior Bond Ordinance, it is hereby recognized that the City is obligated, upon the issuance of the Current Bonds, ranking on a parity with the Prior Bonds, to provide for additional payments into the Sinking Fund to provide for the additional principal and interest requirements. It is further hereby recognized that in and by the Prior Bond Ordinance, provision was included for the accumulation in the Sinking Fund Reserve, of a reserve in an amount equal to not less than the maximum amount required in any ensuing year for principal and interest requirements on the Prior Bonds and any Parity Bonds. It was further provided in the Prior Bond Ordinance and is hereby reaffirmed that as and when additional Parity Bonds are issued, provision shall be made for increasing the Sinking Fund Reserve to the Required Reserve, which Sinking Fund Reserve shall be similarly maintained and restored when necessary.

*(b) Deposits into Sinking Fund Reserve.* In compliance with the requirements of the Prior Bond Ordinance, it is hereby determined that if and whenever the amount on deposit in the Sinking Fund Reserve is less than the Required Reserve there shall be transferred monthly into the Sinking Fund Reserve an amount equal to at least 1/120th of the additional amount necessary to accumulate within a period of ten years the Required Reserve. Moneys on deposit in the Sinking Fund Reserve may be withdrawn and used by the City, when necessary, and shall be so withdrawn and used if and to the extent necessary to prevent the occurrence of an Event of Default, or transferred and disbursed in the same manner as other funds in the Revenue Fund; provided, that in the event of any such withdrawal, the City shall restore such deficiency through the resumption of monthly deposits equal to at least 1/120th of the Required Reserve. As and when additional Parity Bonds are issued, provision shall be made for increasing the Sinking Fund Reserve, by similarly calculated monthly deposits, to not less than the maximum amount of principal and interest requirements of all bonds then scheduled to be outstanding (including the Prior Bonds, the Current Bonds and such additional Parity Bonds) falling due in any twelve month period thereafter, and the Required Reserve shall be similarly maintained and restored when necessary.

*(c) Deposits into Sinking Fund.* In accordance with the aforesaid provisions of the Prior Bond Ordinance, based on the additional principal and interest requirements of the Current Bonds, it is hereby determined that the amounts to be so set aside into the Sinking Fund, on or before the 20th day of each month, shall be not less than amounts constituting the total of the following:

(1) A sum equal to one-sixth (1/6) of the next succeeding interest installment to become due on all of the outstanding Prior Bonds, Current Bonds and any additional Parity Bonds; plus

(2) A sum equal to one-twelfth (1/12) of the principal amount of any Prior Bonds, Current Bonds and any additional Parity Bonds, maturing on the next succeeding October first.

As and when additional Parity Bonds are issued, provision shall be made for additional payments into the Sinking Fund so as to pay the interest on the principal of such additional Parity Bonds as and when the same become due.

*(d) Deposits into Depreciation Fund.* In compliance with the Prior Bond Ordinance there is required to be the sum of \$150,000, which amount was required to be maintained, and if necessary, restored, by the deposit into such Depreciation Fund in each month of the sum of (i) 10% of the balance on deposit in the Revenue Fund or (ii) \$3,500, whichever amount is greater. It was further provided in the Prior Bond Ordinance that as and when additional parity bonds are issued, the City shall determine at the time of issuance thereof, with the advice of the Independent Consulting Engineers then employed by the City (a) whether additional amounts shall be accumulated in the Depreciation Fund, (b) the exact revision, if any, in the required deposits into such Depreciation Fund and (c) the revised total amount necessary to be accumulated in such Fund. Accordingly, based on the advice of the Independent Consulting Engineers, it is hereby determined that if, whenever, and so long as less than \$150,000 shall be on deposit in said Depreciation Fund, there shall thenceforth be deposited into the Depreciation Fund in each month such sum as set forth above, until there has been accumulated in such Depreciation Fund the sum of \$150,000, which sum shall be maintained, and if necessary, restored by similar monthly deposits.

In accordance with the Prior Bond Ordinance as herein modified, it is further provided that as and when additional Parity Bonds are issued, the Issuer shall determine at the time of issuance thereof (a) whether additional amounts shall be accumulated in the Depreciation Fund, (b) the exact revision, if any, in the required deposits in such Depreciation Fund and (c) the revised total amount necessary to be accumulated in such Depreciation Fund; whereupon covenants to that effect shall be incorporated in the proceedings authorizing the issuance of such Parity Bonds.

All other provisions contained in the Prior Bond Ordinance with reference to the application of the proceeds of the Depreciation Fund, the deposit, security and investment thereof, and all other related provisions, are hereby readopted, ratified and confirmed, except to the extent amended herein.

*(e) Deposits into Operation and Maintenance Fund.* In accordance with the Prior Bond Ordinance there was required to be deposited in the Operation and Maintenance Fund in each month, after the transfers of the amounts required to be transferred by Sections above, such amounts as are required to pay, as they accrue, the proper and necessary costs of operating, maintaining and insuring the System, as set out in the "Current Expenses" contained in the System's Annual Budget, and such provisions are hereby readopted, ratified and confirmed.

(f) *Surplus Funds.* It is hereby further recognized that it was provided in the Prior Bond Ordinance and is hereby reaffirmed (with modifications to take into account the issuance of the Current Bonds) that if, at the end of any fiscal year, after making the payments required by the foregoing, there shall remain a balance in said Revenue Fund in excess of the amount required to be transferred during the ensuing year, such balance within sixty (60) days after the end of such fiscal year, shall be used as follows, in the order indicated:

(1) To transfer and deposit into the Sinking Fund Reserve whatever amount, if any, shall be necessary to accumulate or restore the Required Reserve.

(2) To transfer and deposit into the Depreciation Fund whatever amount, if any, shall be necessary to accumulate or restore the total amount required to be on deposit in the Depreciation Fund.

(3) To transfer and deposit into the Operation and Maintenance Fund whatever amount, if any, shall be necessary to accumulate or restore the total amount required to be on deposit in the Operation and Maintenance Fund.

Any balance in the Revenue Fund remaining at the end of any fiscal year, after Sinking Fund Reserve and Depreciation Fund shall have been fully funded and are being maintained, may be used as follows:

- (a) To retire or redeem outstanding Prior Bonds and/or Current Bonds, in inverse order of maturities, to purchase Prior Bonds or Current Bonds in the open market, or to purchase Prior Bonds or Current Bonds through advertisement for and receipt of tenders of Prior Bonds or Current Bonds, at not exceeding the call price, as may be determined by the Governing Body of the City; and/or
- (b) To pay current and/or future principal and interest requirements of any outstanding junior and subordinate obligations against the System, or any part thereto.

**Section 13. Provision Permitting Additional Parity Bonds.** The Current Bonds shall not be entitled to priority one over the other in the application of the income and revenues of the System, regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Current Bonds, regardless of the fact that they may be actually issued and delivered at different times, and provided further that the lien and security of and for any bonds or obligations hereafter issued that are payable from the income and revenues of the System shall, except as set out herein, be subject to the priority of the Prior Bonds and the Current Bonds as may from time to time be outstanding; provided the City has in said Prior Bond Ordinance reserved the right and privilege, and does hereby reserve the right and privilege, of issuing additional bonds from time to time payable from the income and revenues of the System ranking on a parity with the Prior Bonds and with the Current Bonds, but only the conditions specified in the Prior Bond Ordinance, which conditions are hereafter repeated, which taking into account the issuance of the Current Bonds.

The City reserves the right to add new waterworks and sewer facilities and/or related auxiliary facilities, and/or to finance future extensions, additions and/or improvements to the System by the issuance of one or more additional series of bonds to be secured by a parity lien on and ratably payable from, the revenues of the System, provided in each instance that:

(a) The facility or facilities to be constructed from the proceeds of the additional Parity Bonds is or are made a part of the System and its or their revenues are pledged as additional security for the additional Parity Bonds and the outstanding Prior Bonds and Current Bonds.

(b) There shall have been procured and filed with the City Clerk a statement by a Certified Public Accountant reciting the opinion based upon necessary investigation that the Net Revenues of the System for 12 consecutive months of the preceding 18 months (with adjustments as hereinafter provided) were equal to at least one and thirty hundredths (1.30) times the maximum amount that will become due in any fiscal year for both principal and interest on the Prior Bonds and the Current Bonds then outstanding plus the Parity Bonds then proposed to be issued. (The calculation of maximum annual debt service requirements for principal of and interest on the additional bonds to be issued shall be determined on the basis of the principal of, and interest on, such bonds being payable in approximately equal annual installments, with the amounts of the respective mandatory redemption installments of any then proposed Term Bonds which are to be part of such additional Parity Bonds, being treated as principal maturities of such Parity Bonds for this purpose of calculating maximum annual debt service requirements.

"Net Revenues" as herein used are defined as Gross Income and Revenues less Operating Expenses, which shall include salaries, wages, cost of maintenance and operation, cost of water purchased, if any, materials and supplies, pumping costs, insurance and all other items that are normally and regularly so included under recognized account practices, exclusive of allowances for depreciation.

"Gross Income and Revenues" shall include investment income, connection fees, disconnection fees and all other items of income which have been established as "reasonably anticipated annual income of the System", based upon a certification of Independent Consulting Engineers and/or Certified Public Accountants; provided all "investment income" shall be adjusted in any such calculation or projection to reflect the market rate currently available from such investments.

"Operating Expenses" shall include only those items of costs of maintenance and operation which are "reasonably anticipated annual operation and maintenance expenses" of the System, and shall exclude any unusual items of operation and maintenance expense which are of a generally non-recurring nature, according to the certification of Independent Consulting Engineers and/or of Certified Public Accountants.

Such "Net Revenues" may be adjusted for the purpose of the foregoing computations to reflect (i) any revisions in the schedule of rates or charges being imposed for the services of the System at the time of the issuance of any such additional Parity Bonds and (ii) any increase in such Net Revenues projected by reason of the revenues anticipated to be derived from the extensions, additions, and/or improvements to the System being financed (in whole or in part) by such additional Parity Bonds; provided such latter adjustment shall be made only if contracts for the immediate acquisition and/or construction of such extensions, additions and/or improvements have been or will have been entered into (secured by 100% performance bond) prior to the issuance of such additional Parity Bonds. All of such adjustments shall be based upon the written certification of an Independent Consulting Engineer.

(c) The interest payment dates for all such additional Parity Bonds shall be semiannually on April 1 and October 1 of each year, and the principal maturities thereof shall be on October 1 of the year in which any such principal is scheduled to become due.

The City hereby readopts, ratifies and confirms the provision of the Prior Bond Ordinance, in which the City reserved the right to issue Parity Bonds to refund or refinance Outstanding Bonds, provided such right shall henceforth apply to the refunding or refinancing of any part or all of the Prior Bonds and the Current Bonds, which provisions provided that prior to the issuance of such additional Parity Bonds for that purpose, there shall have been procured and filed with the City Clerk of the City a statement by a Certified Public Accountant, as defined herein, reciting the opinion based upon necessary investigation that:

- (a) after the issuance of such Parity Bonds, the annual Net Revenues, as adjusted and defined above, of the then existing System for the fiscal year preceding the date of issuance of such parity bonds, after taking into account the revised debt service requirements resulting from the issuance of such Parity Bonds and from the elimination of the bonds being refunded or refinanced thereby, are equal to not less than 130% of the maximum debt service requirements then scheduled to fall due in any fiscal year thereafter for principal of and interest on all of the then Outstanding Bonds payable from the revenues of the System calculated in the manner specified above; or
- (b) upon provisions being made for the prepayment and/or redemption of the Prior Bonds, thus releasing the City from the 130% parity requirement for refunding bonds pursuant to the Prior Bond Ordinance, that the maximum debt service requirements for the Current Bonds and the proposed parity refunding bonds, in any year of maturities thereof after the redemption of the Current Bonds scheduled to be refunded through the issuance of such proposed parity refunding bonds, shall not exceed the maximum debt service requirements applicable to the then Outstanding Bonds for any year prior to the issuance of such proposed Parity Bonds and the redemption, retirement or defeasement of the Current Bonds to be

refunded, and without extending the maturities of such parity refunding bonds beyond the maturities of the bonds being refunded.

**Section 14. Sale of Current Bonds.** The Current Bonds shall be sold at public sale at a regular, adjourned regular or special, called meeting of the Governing Body, at such time as the Governing Body shall designate by Order, Resolution, Ordinance or Motion, such sale to occur after public advertisement as required by law, informing prospective bidders that they may obtain from the City Clerk or from the Financial Advisor a copy of the Official Statement, containing the Official Terms and Conditions Bond Sale and Bid Form, setting out the terms and conditions for the sale of the Current Bonds, the Prior Bond Ordinance, the most recently enacted Rate Ordinance and the preceding three years financial statements of the City and the System.

A suggested form of Official Terms and Conditions of Sale of Bonds, Notice of Bond Sale and Bid Form, having been prepared in advance, in accordance with the instructions of the Financial Advisor, by Rubin Hays & Foley, Bond Counsel, and the same having been found to conform to the above conditions, the same are hereby approved. The Notice of Bond Sale shall be signed by the City Clerk, and may be used for the purpose of publishing notice of the sale of the Current Bonds. Copies of said documents shall be furnished to a list of known interested bidders and to any interested parties who may request same.

A suggested form of Preliminary Official Statement having been prepared by the Financial Advisor, and the same having been found to be in satisfactory form and to contain accurate information concerning the City, the System and the Current Bonds, the same is hereby approved and is hereby ordered to be filed in the records of the City Clerk with the minutes of the meeting at which this Ordinance is enacted. The Mayor is hereby authorized to execute the appropriate certification evidencing the approval of such Preliminary Official Statement and a Final Official Statement at the time of and/or after the acceptance of the successful bid for the purchase of the Current Bonds.

If, for any reason, it is determined that no bids should be accepted when the Current Bonds are first offered for public sale, then, upon recommendation of the Financial Advisor, the Mayor shall be authorized to approve a change in the required minimum bid price, and also to change the date and hour of the sale (upon observing all notice requirements of Kentucky law), and the Mayor and/or City Clerk are further authorized to readvertise such Current Bonds for public sale and to approve a revised Notice of Bond Sale, Bid Form, and Official Terms and Conditions of Sale of Bonds, and to distribute same to prospective bidders, without the necessity of the Governing Body taking any further action or granting any further authority for such proceedings, except that no bid may be accepted for the sale of such Current Bonds without the specific approval of the Governing Body.

**Section 15. Acceptance of Bid for Purchase of Current Bonds.** Upon the date and at the hour set forth for the opening and consideration of purchase bids, as provided in the instruments hereinabove approved, the sealed bids received by the City Clerk shall be publicly opened and publicly read by the presiding officer. If there shall be one or more bids that conform in all

respects to the prescribed terms and conditions, the same shall be compared and the Governing Body agrees that if it accepts any bid, it will, on the same day that such bids are received, accept the best of such bids, as measured in terms of the lowest interest cost to the City. At that time, the Governing Body may accept the successful bid for the amount of the Current Bonds offered for sale, which amount may be increased in a total amount not exceeding \$200,000 or reduced by a total amount not exceeding \$200,000 (\$5,000 denominations).

If upon the basis of the foregoing, the Governing Body shall accept a purchase bid for the Current Bonds, the Governing Body shall adopt a Resolution to that effect, supply proper evidence of such acceptance to the bidder submitting the accepted purchase bid, and thereupon arrangements shall be made for the Current Bonds to be printed in accordance therewith.

**Section 16. Disposition of Proceeds of the Current Bonds; Construction Fund; Investment Provisions; Arbitrage Limitation.** Whenever the Current Bonds shall have been sold and delivered, and the City has received the purchase price thereof, the proceeds shall be applied as follows:

(a) *Disposition of Proceeds.* There shall first be deducted and paid therefrom the fee of the Financial Advisor, J.J.B. Hilliard, W.L. Lyons, Inc., according to the terms of the approved contract of said Financial Advisor, as heretofore approved, the fee of Deatherage, Myers & Self attorneys for the Hopkinsville Water Environment Authority, the fee of Rubin Hays & Foley, Municipal Bond Attorneys, for acting as Bond Counsel with reference to the issuance of the Current Bonds, any applicable rating agency fee or fees, and any other pertinent expenses incident to the issuance, sale and delivery of the Current Bonds and such other appropriate expenses as may be approved by the Mayor.

There shall next be deposited to the Sinking Fund, an amount equal to the accrued interest collected from the Original Purchasers of the Current Bonds for the period from the date of the Current Bonds to the date of delivery.

The entire remainder of the moneys received from the sale of the Current Bonds shall be deposited in the Construction Fund created in subsection (b) below.

(b) *Construction Fund.* There is hereby created a fund entitled "City of Hopkinsville Water and Sewer Construction Fund" (the "Construction Fund"), which Construction Fund shall be maintained at the Construction Fund Depository; and the amount on deposit in said Construction Fund shall be applied to the extent necessary, to pay the cost of acquisition, additions and construction of the Project.

Investment income derived from investment of the Construction Fund which shall be invested in accordance with Sections 1 and 17 of this Ordinance, shall, as received, be deposited in the Construction Fund.

Said Construction Fund Depository shall be obligated to send written notice to the City of the need for investment directions if and whenever funds in excess of \$10,000 shall remain uninvested for a period of more than five days.

Payment from the Construction Fund for costs in connection with the Project shall be made only upon vouchers or requisitions approved by the Engineers having charge of supervising such acquisition, improvements and construction, and countersigned by the General Manager or the Director of Personnel and Finance, said Engineers to certify in each instance that the voucher or requisition represents a sum actually earned by and due to the proposed payee under a contract with said City for work performed and/or materials furnished in connection with the Project, or represents a sum necessary to be expended for land and/or rights of way necessary to be acquired by the City in connection with said Project.

No expenditure shall be made from the Construction Fund except for proper and authorized expenses relating to the acquisition, improvements and construction of the Project in accordance with the contracts, plans and specifications approved by the City.

After completion of the Project, as certified by the Engineers, any balance then remaining on deposit in the Construction Fund shall, subject to any and all applicable legal provisions and applicable arbitrage regulations necessary to assure the exemption of interest on the Current Bonds from Federal income taxation, upon orders of the Governing Body, be transferred to the Depreciation Fund, to be used for the purposes thereof.

If the Engineers shall certify to the City that funds are needed prior to delivery of the Current Bonds to pay costs of the Project, the General Manager shall be authorized on behalf of the Authority to borrow sums from the Construction Fund Depository and/or from other FDIC banks, and to execute notes in evidence thereof, secured by a pledge of the proceeds of the Current Bonds when delivered, subject to the priority of any then existing pledge to secure any other notes then outstanding. The proceeds of such notes shall be deposited in the Construction Fund and disbursed in the manner set out in this Section.

**Section 17. Federal Limitations on Investment of Funds.** The City covenants and certifies, in compliance with Federal arbitrage regulations on the basis of known facts and circumstances in existence on the date of adoption of this Current Bond Ordinance, that it is not expected that the proceeds of the Current Bonds or the revenues of the System will be used in a manner which would cause such Current Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the applicable regulations. The City covenants to the Purchasers and/or Owners of the Current Bonds that (1) the City will make no use of the proceeds of said Current Bonds, or the revenues of the System, which, if such use had been reasonably expected on the date of issue of such Current Bonds, would have caused such Current Bonds to be "arbitrage bonds", and (2) that the City will comply with (i) all of the requirements of Section 148 of the Code and (ii) all of the requirements of applicable Income Tax Regulations thereunder, to whatever extent is necessary to assure that the Current Bonds shall not be treated as "arbitrage bonds".

Prior to or at the time of delivery of the Current Bonds, the Mayor and the City Finance Officer, who are jointly and severally charged with the responsibility for the issuance of the Current Bonds, are jointly and severally authorized to execute the appropriate certification with reference to the matters referred to above, setting out all known and contemplated facts (apart from legal conclusions) concerning such anticipated construction, expenditures and investments, including the execution of necessary and/or desirable certifications of the type contemplated by the proposed "Arbitrage Regulations", as amended, in order to assure that interest on the Current Bonds will be excluded from gross income for Federal income tax purposes and that such Current Bonds will not be treated as "arbitrage bonds".

**Section 18. Defeasance And/or Refunding of Current Bonds.** The City reserves the right, at any time, to cause the pledge of the revenues securing all or a portion of the Prior Bonds, the Current Bonds and all Parity Bonds, to be defeased and released by paying an amount into an escrow fund sufficient, when invested (or sufficient without such investment, as the case may be) in cash and/or direct or fully guaranteed obligations of the United States of America (the "Future Escrow"), to assure the availability in such Future Escrow of an adequate amount (a) to call for redemption and to redeem and retire all of such Outstanding Bonds, both as to principal and as to interest, on any optional redemption date, including all costs and expenses in connection therewith, and to pay all principal and interest falling due on such Outstanding Bonds to and on said date or (b) to pay all principal and interest requirements on such Outstanding Bonds as same mature, without redemption in advance of maturity, the determination of whether to defease under (a) or (b) or both to be made by the Governing Body of the City.

Such Future Escrow shall have such maturities as to assure that there will be sufficient funds for such purpose. If such defeasance is to be accomplished pursuant to the clause (a) above, the City shall take all steps necessary to publish appropriate notice of the redemption of such Outstanding Bonds on whatever applicable redemption date is determined. Upon the proper amount of such investments being placed in escrow and so secured, such revenue pledge shall be automatically fully defeased and released without any further action being necessary; provided (i) no such defeasement shall be accomplished through the use of amounts on deposit in the Sinking Fund Reserve or through any other funds if such defeasement would, in the opinion of recognized Bond Counsel, adversely affect the interest on any of the Outstanding Bonds from Federal income taxation and (ii) no such defeasement shall require that any Current Bonds be redeemed in advance of maturity if a right to defease the Current Bonds without redemption in advance of maturity shall have become vested.

**Section 19. Contractual Nature of Ordinance.** The provisions of this Bond Ordinance shall constitute a contract between the City and the Owners of the Current Bonds, and after the issuance of any of the Current Bonds, no change, variation or alteration of any kind, in the provisions of this Bond Ordinance shall be made in any manner, except for the purpose of curing any ambiguity or of curing, correcting, or supplementing any defective or inconsistent provisions contained herein or in any proceeding pertaining hereto, and except as herein provided, until such time as all of the Current Bonds and the interest thereon have been paid in full; provided, however, that the Owners of eighty percent (80%) in principal amount of the Current Bonds may

agree to a modification or amendment to this Bond Ordinance; provided, however, that no such modifications or amendments shall be made which will permit: (a) an extension of the maturity of any of the Prior Bonds or Current Bonds or of any Parity Current Bonds, (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, (c) the creation of a lien upon or a pledge of revenues ranking prior to or on a parity with the lien or pledge of the Prior Bonds and the Current Bonds, (d) a preference or priority of any Prior Bonds, Current Bonds or Parity Bonds over any other bond or bonds, (e) a reduction in the aggregate principal amount of the Prior Bonds or the Current Bonds required to consent to any such modification or amendment, or (f) impair in any way the rights of the Owners of the Current Bonds.

In addition to the covenants heretofore made for the benefit of the Owners of the Current Bonds, the City hereby specifically reaffirms those provisions of the 1975 Bond Ordinance included in Sections 17, 18(4), 27 and 28, entitled as follows:

- "Section 17. Rates and Charges for Services of the System".
- "Section 18(1). Inferior Bonds".
- "Section 18(4). Priority of Lien; Permissible Disposition of Surplus or Obsolete Facilities".
- "Section 27. Covenant to Require Use of Sewer System".
- "Section 28. Supervision of Combined and Consolidated Water and Sewer System Vested in Sewerage and Water Works Commission; Contractual for Benefit of Bondholders".

The City further acknowledges that under said Section 17 of the 1975 Bond Ordinance, the City has covenanted in addition to the other rate covenants of that Section, not to reduce rates without establishing that the proposed reduction will not reduce the required coverage below the amount of coverage (revenues, as adjusted, equal to at least 1.30 times maximum annual debt service requirements) which would be required in order to enable the City to issue additional parity bonds. Such covenants are hereby specifically readopted and reaffirmed.

**Section 20. Signatures of Officers.** If any of the officers whose signatures or facsimile signatures appear on the Current Bonds cease to be such officers before delivery of the Current Bonds, such signatures shall nevertheless be valid for all purposes the same as if said officers had retained in office until delivery, as provided in KRS 58.040 and KRS 61.390.

**Section 21. Appointment and Duties of Bond Registrar, Transfer Agent and Paying Agent.** First City Bank & Trust Company, Hopkinsville, Kentucky, is hereby designated as the Bond Registrar, Transfer Agent and Paying Agent.

(a) *Duties as Bond Registrar and Transfer Agent.* The Bond Registrar and Transfer Agent shall have the following duties:

(1) To authenticate and register all of the Current Bonds authorized in the names of the respective owners thereof;

(2) Upon being supplied with a properly authenticated assignment satisfactory to the Bond Registrar (in the sole discretion of such Bond Registrar), to transfer the ownership of Current Bonds from one registered Bondowner to another within three (3) business days of the receipt of such proper assignment by the Bond Registrar; and

(3) To cancel and destroy (or remit to the City for destruction, if so requested by the City) all exchanged, matured, retired and redeemed Bonds, and to maintain adequate records relevant thereto.

(b) *Duties as Paying Agent.* Its duties as Paying Agent shall be as follows:

(1) To make payment of principal of and interest on the Current Bonds from funds provided to the Paying Agent in accordance with the provisions hereof;

(2) To remit, but only to the extent that all required funds are made available to the Paying Agent by the City, semiannual interest payments directly to the registered owner of each Bond by regular United States mail. Said interest payments shall be deposited in the United States mail no later than each interest due date. Matured or redeemed Bonds shall be payable upon presentation to the Paying Agent. For interest payment purposes, the Paying Agent shall be entitled to rely on its records as Bond Registrar as to the ownership of each Bond as of the 15th day of the month preceding an interest due date, and the Paying Agent's check shall be drawn and mailed accordingly;

(3) To send appropriate written notice to the owner of each Registered Bond to be redeemed and to redeem Bonds prior to their stated maturity upon their presentation in accordance with the provisions of this Ordinance upon receiving sufficient funds; and

(4) To supply the City with a written accounting evidencing the payment of interest on and principal of the Current Bonds within 30 days following each respective due date.

(c) *Duties as Depository Bank.* The Depository Bank shall have the following duties:

(1) To hold all funds including the Revenue Fund, the Sinking Fund, the Sinking Fund Reserve, the Depreciation Fund, the Operation and Maintenance Fund, the Surplus Fund and the Construction Fund;

(2) To invest sums contained in such Funds in accordance with the provisions of this Ordinance as directed either by the General Manager or by the Director of Personnel

and Finance of the System or by the Mayor; provided that the Depository Bank shall have the right to seek the opinion of recognized Bond Counsel and/or recognized Special Tax Counsel as to any question concerning the permissibility of investments without causing the Current Bonds to become arbitrage bonds.

*(d) General Provisions as to Bond Registrar, Paying Agent and Depository Bank.* The Bond Registrar and Depository Bank shall be entitled to the advice of counsel and shall be protected for any acts taken by it in good faith in reliance upon such advice. Neither the Bond Registrar nor the Depository Bank shall be liable for any actions taken in good faith and believed by it to be within its discretion or the power conferred upon it by this Bond Ordinance, or the responsibility for the consequences of any oversight or error of judgment and each shall be liable only for its own negligence.

The Bond Registrar may at any time resign from any or all of its capacities and duties set forth in this Bond Ordinance by filing its resignation with the City Clerk and notifying the original Purchaser(s) of the Current Bonds. Thereupon, the City shall designate a successor bank, which shall be an incorporated bank or trust company authorized to transact business in the United States of America. Notwithstanding the foregoing, in the event of such resignation provision shall be made for the orderly transition of the books, records and accounts relating to the Current Bonds to the successor bank in order that there will be no delinquencies in the payment of interest or principal due on the Current Bonds.

The Bond Registrar and Paying Agent shall indicate their acceptance of its duties by signing the Acceptance at the conclusion of this Ordinance.

*(e) Replacement by City of Registrar, Paying Agent, Depository Bank or Other Depositories.* The City or the Authority shall have the right at any time to replace the Depository Bank. The City shall have the right at any time to replace the Registrar and Paying Agent, by observing the following procedure:

- (1) It must first enact an Ordinance to that effect.
- (2) It must provide 90 days notice to such party in that capacity by certified or registered mail.
- (3) It must designate a replacement institution, which must be an institution insured by the Federal Deposit Insurance Association, having assets of not less than \$1,000,000.
- (4) It must obtain a written acceptance from such successor, to assume the applicable duties, at least 60 days in advance of the date of such assumption.
- (5) It must notify Bondowners by sending written notice by regular U. S. mail of the intended change at least 75 days in advance of the intended change.

- (6) All of the foregoing must occur more than 60 days prior to an Interest Payment Date.
- (7) It must arrange with the existing institution to transfer all funds, records and/or other necessary documents over to the successor, not less than 30 day prior to the succession date.

**Section 22. Covenant of City to Take All Action Necessary to Assure Compliance with the Code.** In order to assure Original Purchaser of the Current Bonds that interest thereon will continue to be exempt from all federal and Kentucky income taxation (subject to certain exceptions set out below), the City covenants to and with the Owners of the Current Bonds that (1) the City will take all actions necessary to comply with the provisions of the Code, (2) the City will take no actions which will violate any of the provisions of the Code, or would cause the Current Bonds to become "private activity bonds" within the meaning of the Code, (3) none of the proceeds of the Current Bonds will be used for any purpose which would cause the interest on the Current Bonds to become subject to federal income taxation, and the City will comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Current Bonds.

The City certifies that these Current Bonds are not "private activity bonds" within the meaning of the Code, and the City has been advised by Bond Counsel, and therefore believes, that interest on the Current Bonds is not included as an item of tax preference in calculating the alternative minimum tax for individuals.

The City, and all subordinate entities thereof, does not reasonably anticipate issuing qualified tax-exempt obligations (other than private activity Current Bonds) during the calendar year in which the Current Bonds are being issued in excess of \$10,000,000, and, therefore, the City does hereby designate the Current Bonds as qualified tax-exempt obligations pursuant to the provisions of Section 265(b)(3) of the Code.

The City, and all subordinate entities thereof, does not reasonably expect to issue Current Bonds or other obligations considered under the Code to be "tax-exempt obligations" (other than private activity bonds) in the aggregate principal amount in excess of \$5,000,000 during the calendar year ending December 31, 1996, and for that reason the City has been advised by Bond Counsel that pursuant to Section 148(f)(4)(C) of the Code, neither the Sinking Fund, nor any other fund or account established or continued in existence under the provisions of this Bond Ordinance is subject to the "rebate requirements" on excess earnings in favor of the United States of America imposed by the Code. The City covenants and agrees that in the event it is subsequently determined by the City, upon advice of nationally recognized bond counsel, that any fund established or continued in existence under this Bond Ordinance, are subject to said rebate requirements and do, in fact, generate earnings from "non-purpose investments" in excess of the amount which said investments would have earned at a rate equal to the "yield" on the Current Bonds, plus any income attributable to such excess, there shall be established a separate and special fund with the Depository Bank to be designated as the "Excess Earnings and Rebate Fund," which shall be utilized for the collection and payment of any excess generated from

investments and the remittance thereof to the United States of America once every five (5) years until the final retirement of the Current Bonds; the last installment, to the extent required, to be made no later than sixty (60) days following the date on which funds sufficient for the complete retirement of the Current Bonds are deposited with the Paying Agent or any escrow agent.

The City reserves the right to amend the Ordinance authorizing the Current Bonds without obtaining the consent of the Owners of the Current Bonds (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Current Bonds shall be exempt from federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of the Bondowners) to eliminate or reduce any restrictions concerning the System, the investment of the proceeds of these Current Bonds, or the application of such proceeds or of the revenues of the System. The Original Purchaser of these Current Bonds is deemed to have relied fully upon these covenants and undertakings on the part of the City as part of the consideration for the purchase of the Current Bonds. To the extent that the City obtains an opinion of nationally recognized bond counsel to the effect that non-compliance with any of the covenants contained in this Bond Ordinance or referred to in this Bond Ordinance would not subject interest on the Current Bonds to federal income taxes or Kentucky income taxes, the City shall not be required to comply with such covenants or requirements.

This Ordinance is enacted in contemplation that Bond Counsel will render an opinion as to exemption of principal of the Current Bonds from Kentucky ad valorem taxation and as to exemption of interest on the Current Bonds from federal and Kentucky income taxation, based on the assumption by Bond Counsel that the City complies with covenants made by the City with respect to compliance with the provisions of the Code, and based on the assumption of compliance by the City with requirements as to any required rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Current Bonds. The City has been advised that based on the foregoing assumptions of compliance, Bond Counsel is of the opinion that the Current Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Code.

**Section 23. Insurance.** (a) *Fire and Extended Coverage.* If and to the extent that the System includes structures above ground level, the Authority shall, upon receipt of the proceeds of the sale of the Current Bonds, if such insurance is not already in force, procure fire and extended coverage insurance on the insurable portion of all of the facilities of the System, of a kind and in such amounts as would ordinarily be carried by private companies or public bodies engaged in operating a similar utility.

The foregoing fire and extended coverage insurance shall be maintained so long as any of the Current Bonds are outstanding and shall be in amounts sufficient to provide for not less than full recovery whenever a loss from perils insured against does not exceed eighty percent (80%) of the full insurable value of the damaged facility.

In the event of any damage to or destruction of any part of the System the Authority shall promptly arrange for the application of the insurance proceeds for the repair or reconstruction of the damaged or destroyed portion thereof.

(b) *Liability Insurance on Facilities.* So long as any of the Current Bonds are outstanding, the Authority shall, procure and maintain, public liability insurance relating to the operation of the facilities of the System, with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the Authority from claims for bodily injury and/or death; and not less than \$200,000 from claims for damage to property of others which may arise from the City's operations of the System and any other facilities constituting a portion of the System.

(c) *Vehicle Liability Insurance.* If and to the extent that the Authority owns or operates vehicles in the operation of the System, upon receipt of the proceeds of the Current Bonds, the Authority shall, if such insurance is not already in force, procure and maintain, so long as any of the Current Bonds are outstanding, vehicular public liability insurance with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the Authority from claims for bodily injury and/or death, and not less than \$200,000 against claims for damage to property of others which may arise from the operation of such vehicles by the Authority.

**Section 24. Event of Default; Rights of Bondowners Upon Occurrence of Event of Default.** The following items shall constitute an "Event of Default" on the part of the City:

(a) The failure to pay principal on the Current Bonds when due and payable, either at maturity or by proceedings for redemption.

(b) The failure to pay any installment of interest on the Current Bonds when the same shall become due and payable.

(c) The failure of the City to fulfill any of its obligations pursuant to this Ordinance and to cure any such failure within 30 days after receipt of written notice of such failure.

(d) The failure to promptly repair, replace or reconstruct essential facilities of the System after any major damage and/or destruction thereof.

Upon the occurrence of an Event of Default, any owner of the Current Bonds may enforce and compel the performance of all duties and obligations of the City as set forth herein. Upon the occurrence of an Event of Default, then, upon the filing of suit by any owner of said Current Bonds, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the City, the Bondowners with power to charge and collect rates sufficient to provide for the payment of the principal of and interest on the Current Bonds, and for the payment of

operation and maintenance expenses of the System, and to provide and apply the income and revenues in conformity with this Ordinance and with the laws of the Commonwealth of Kentucky.

In addition to and apart from the foregoing, upon the occurrence of an Event of Default, the owner of any of the Current Bonds may require the City by demand, court order, injunction, or otherwise, to raise all applicable rates charged for services of the System a reasonable amount, consistent with the requirements of this Ordinance.

**Section 25. Supplemental Ordinances not Requiring Consent of Bondowners.** The City may, without the consent of, or notice to, any of the owners of the Current Bonds, enact one or more Supplemental Ordinances as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Ordinance;
- (b) to grant to or confer upon the Bond Registrar for the benefit of the Bondowners any additional rights, remedies, powers, or authorities that should lawfully be granted to or conferred upon the Bondowners or the Bond Registrar or either of them;
- (c) to subject to the lien and pledge of this Ordinance additional revenues, properties, or collateral which may legally be subjected;
- (d) to add to the conditions, limitations and restrictions on the issuance of bonds, other conditions, limitations and restrictions thereafter to be observed;
- (e) to add to the covenants and agreements of the City in this Ordinance, other covenants and agreements thereafter to be incurred by the City or to surrender any right or power herein reserved to or conferred upon the City; and/or
- (f) to effect the issuance of additional Parity Bonds.

**Section 26. Supplemental Ordinances Requiring Consent of Bondowners.** Subject to the terms and conditions contained in this Section and not otherwise, the owners of not less than two-thirds in aggregate principal amount of the Current Bonds, shall have the right, from time to time, anything contained in this Ordinance to the contrary notwithstanding, to consent to and approve the enactment by the City of such other Supplemental Ordinance as shall be deemed necessary and desirable by the City for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any terms or provisions contained in this Ordinance or in any Supplemental Ordinance; provided, however, that nothing in this Section shall permit, or be construed without consent of the owner of any Current Bonds then outstanding as permitting (a) an extension of the maturity date on which the principal of, premium, if any, or interest on such Current Bond is or is to become, due and payable, (b) a reduction in the principal amount of such Current Bond, the rate of interest thereon, or any redemption premium, (c) a privilege or priority of Current Bond

or Current Bonds over any other Current Bond, (d) reduction in the principal amount of the Current Bonds required for consent to such Supplemental Ordinance, or (e) the creation of a lien upon or pledge of revenues, receipts or other income from, or in connection with the System ranking prior to or (except in connection with the issuance of Parity Bonds pursuant to this Ordinance) on a parity with the lien or pledge by this Ordinance.

No Supplemental Ordinance shall be enacted for any of the purposes of this Section without notice being furnished by the Bond Registrar to each Bondowner in the same manner as the furnishing of a notice of redemption of Current Bonds, and no such Supplemental Ordinance shall be effective until at least 60 days subsequent to the furnishing of such notice.

**Section 27. Provisions in Conflict Repealed.** All ordinances, resolutions and orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby repealed and it is hereby specifically ordered and provided that except for the permissible issuance of Parity Bonds pursuant to Section 13 hereof, any proceedings heretofore taken for the issuance of other bonds payable or secured in any manner by all or any part of the income and revenues of the System or any part thereof, and which have not heretofore been issued and delivered are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered.

**Section 28. Severability Clause.** If any section, paragraph, clause, or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

**Section 29. Effective Date of this Ordinance.** This Ordinance shall be introduced at a meeting of the Governing Body and remain on file for at least one week for public inspection in the completed form in which it shall be put on its final enactment and if enacted shall be published by title and summary in a Notice of Enactment and Summary of Ordinance and shall be in full force and effect immediately following publication of such Notice.

Introduced and Given First Reading, June 4, 1996.

Given Second Reading and Final Enactment, June 18, 1996.

CITY OF HOPKINSVILLE, KENTUCKY

  
\_\_\_\_\_  
Mayor

Attest:

  
\_\_\_\_\_  
City Clerk

CERTIFICATE OF CITY CLERK

I, T. MARK WITHERS II, hereby certify that I am the duly qualified and acting City Clerk of the City of Hopkinsville, Kentucky, that the foregoing Ordinance is a true and correct copy of an Ordinance authorizing the issuance of \$2,080,000 of City of Hopkinsville, Kentucky Water and Sewer Revenue Bonds, Series 1996, dated June 15, 1996, that said Ordinance was introduced and given first reading by the City Council of said City on June 4, 1996, and that it was placed and remained on file in my office for public inspection in that identical, completed form until June 18, 1996, on which date it was given its second reading and final enactment by said City Council, that said meetings were duly held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820, and 61.825, that a quorum was present at each of said meetings, that such Ordinance has been ordered to be published by title and summary in a Notice of Enactment and Summary, in the form attached hereto, and that said Ordinance has not been modified, amended, revoked or repealed, and that same is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature as City Clerk and the official Seal of said City this June 18, 1996.



\_\_\_\_\_  
City Clerk

(Seal of City)

ACCEPTANCE BY BOND REGISTRAR, TRANSFER AGENT  
AND PAYING AGENT

The undersigned hereby agrees to the provisions of the foregoing Ordinance to the extent there are contained therein provisions as to the rights and duties of it as Bond Registrar, Transfer Agent and Paying Agent.

Date: June 28<sup>th</sup>, 1996.

FIRST CITY BANK & TRUST COMPANY

Hopkinsville, Kentucky

*Frank Nelson*

Signature

*Senior Vice - President*

Title

EXHIBIT A

BOND FORM

UNITED STATES OF AMERICA  
COMMONWEALTH OF KENTUCKY  
COUNTY OF CHRISTIAN  
CITY OF HOPKINSVILLE  
WATER AND SEWER REVENUE BOND  
SERIES 1996

NO. R-\_\_\_\_\_

CUSIP:

DATE OF ISSUE:

\$\_\_\_\_\_

Principal Amount

INTEREST RATES:

MATURITY DATE: OCTOBER 1, 1997 - 2016

KNOW ALL MEN BY THESE PRESENTS: That the City of Hopkinsville (the "City"), in the Commonwealth of Kentucky, for value received, hereby promises to pay, solely from the special fund hereinafter identified, to

the registered owner, or registered assigns, as hereinafter identified, upon presentation and surrender of this Series 1996 Bond, the principal sum of

\_\_\_\_\_ DOLLARS,

on the Maturity Date specified above, and to pay interest on said sum at the per annum Interest Rate specified above, semiannually from the Date of Issue specified above, or from the most recent interest payment date preceding the date of or on which this Series 1996 Bond is authenticated, unless this Series 1996 Bond is authenticated on an interest payment date to which interest has been paid, in which event it shall bear interest from that date, on April 1 and October 1 of each year, commencing October 1, 1996, unless redeemed prior thereto as hereinafter provided. The principal on this Series 1996 Bond is payable upon surrender of this Series 1996 Bond, at maturity or at earlier redemption prior to maturity, in lawful money of the United States of America at the main office of the First City Bank & Trust Company, Hopkinsville, Kentucky (the "Paying Agent" and the "Bond Registrar"). Interest and principal redemption due on this Series 1996 Bond shall be paid by check or draft by mail postmarked no later than the due date thereof by the Paying Agent to the registered owner hereof at the address shown as of the 15th day of the month preceding each interest or principal redemption payment date on the bond register kept by the Bond Registrar.

This Series 1996 Bond is a duly authorized issue of Two Million Eighty Thousand Dollars (\$2,080,000), principal amount of City of Hopkinsville, Kentucky Water and Sewer Revenue

Bonds, Series 1996 (the "Series 1996 Bonds") issued by the City pursuant to an Ordinance duly enacted (the "Current Bond Ordinance") under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, and more specifically, Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes (the "Act"), for the purpose of financing the construction of a new water treatment plant and additions and improvements to the water distribution system of the City (the "Project").

The Series 1996 Bonds rank on a parity as to security and source of payment with the outstanding (i) City of Hopkinsville Water and Sewer Revenue Bonds of 1975, dated December 1, 1975 (the "Series 1975 Bonds"), authorized by an Ordinance enacted by the City Council of the City on December 5, 1975 (the "1975 Bond Ordinance"); (ii) City of Hopkinsville Water and Sewer Refunding Revenue Bonds, Series 1989, dated August 1, 1989 (the "Series 1989 Bonds") authorized by an Ordinance enacted by the City Council of the City on July 18, 1989 (the "1989 Bond Ordinance"); and (iii) City of Hopkinsville Water and Sewer Refunding Revenue Bonds, Series 1993, dated December 15, 1993 (the "Series 1993 Bonds"), authorized by an Ordinance enacted by the City Council on November 30, 1993 (the "1993 Bond Ordinance") [hereinafter the Series 1975 Bonds, the Series 1989 Bonds and the Series 1993 Bonds shall be collectively referred to as the "Prior Bonds"]. The 1975 Bond Ordinance, the 1989 Bond Ordinance and the 1993 Bond Ordinance (hereinafter collectively referred to as the "Prior Bond Ordinance") provided and the Current Bond Ordinance reaffirms that so long as any of the Prior Bonds, the Series 1996 Bonds and/or any additional bonds ranking on a parity therewith, are outstanding, the existing combined and consolidated municipal waterworks and sewer system (the "System") of the City as more fully identified in the Current Bond Ordinance, shall be owned and operated as a combined and consolidated revenue-producing public project or System within the meaning of Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes, for the security and source of payment of any and all of such outstanding Prior Bonds, the Series 1996 Bonds or any additional bonds. The City is also obligated to pay certain outstanding loans from the Kentucky Infrastructure Authority, which are subordinate to the Prior Bonds and the Series 1996 Bonds.

It is provided in and by the Prior Bond Ordinance and in and by the Current Bond Ordinance that additional bonds ranking on a parity with the Prior Bonds and with the Series 1996 Bonds, may be issued and outstanding upon the conditions and restrictions provided in the Prior Bond Ordinance and in the Current Bond Ordinance; and these Series 1996 Bonds, together with the Prior Bonds and any additional parity bonds, as may be hereafter issued and outstanding from time to time under the parity conditions and restrictions of the Prior Bond Ordinance and the Current Bond Ordinance, are and will continue to be payable from and secured by a first pledge of a fixed portion of the gross income and revenues to be derived from the operation of the System, which fixed portion of said gross income and revenues shall be sufficient to pay the principal of and interest on all of said outstanding Prior Bonds, the Series 1996 Bonds and any additional parity bonds as and when the same become due and payable, and which shall be set aside as a special fund for that purpose and identified as the "City of Hopkinsville Water and Sewer Bond and Interest Redemption Fund" (the "Sinking Fund").

The City covenanted in the Current Bond Ordinance that so long as any of the Prior Bonds, the Series 1996 Bonds and/or any additional parity bonds are outstanding, the System will be continuously owned and operated as a revenue-producing undertaking, and that the City will

fix, charge, and adjust from time to time as needed, such rates for the services and facilities of the System so that the income and revenues therefrom will be sufficient to pay all of the Prior Bonds, the Series 1996 Bonds and any additional parity bonds, and the interest thereon, as the same become due, to pay the cost of operation and maintenance of the System, and to provide for the depreciation thereof.

The Series 1996 Bonds are issuable as fully registered bonds and do not constitute an indebtedness of the City of Hopkinsville, Kentucky, within the meaning of any constitutional or statutory provisions or limitations, but are payable as to both principal and interest solely out of the revenues of the System, as aforesaid.

The City and the Bond Registrar may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of principal hereof, premium, if any, and interest due hereon and for all other purposes, and neither the City nor the Bond Registrar shall be affected by any notice to the contrary.

Current Bonds maturing before October 1, 2007 shall not be subject to redemption prior to maturity. The Current Bonds maturing on or after October 1, 2007, are subject to redemption, in whole or in part, at any time and in order of maturity, by the City prior to their stated maturities, on any date falling on or after June 15, 2006, (less than all Current Bonds of a single maturity to be selected in such manner as the Registrar may determine) upon payment of the principal amount to be redeemed plus accrued interest to the date of redemption, on the dates, subject to redemption premium stated as a percentage of the principal amount to be redeemed, as follows:

<u>Redemption Dates (Inclusive)</u>	<u>Redemption Price</u>
June 15, 2006 through September 30, 2007	102%
October 1, 2007 through September 30, 2008	101%
October 1, 2008 and thereafter	100%

In the event that a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof, if the Bond is one of the maturities or amounts or part of the maturities or amounts called for redemption. Upon surrender of a Bond for redemption in part, the Registrar shall (authenticate and) deliver an exchange Bond or Bonds in a principal amount equal to the unredeemed portion of the Bond so surrendered.

The Bond Registrar shall give notice of any redemption by sending such notice by United States mail not less than 30 and not more than 60 days prior to the date fixed for redemption, to the registered owner of each Current Bond to be redeemed in whole or in part at the address shown on the Bond Register as of the date of mailing of such notice. Provided, at least one such notice shall be sent not less than 30 days prior to such date. Such notice shall state the redemption date, the redemption price, the amount of (or number of months of) accrued interest payable on the redemption date, the place at which the Current Bonds are to be surrendered for

payment, and, if less than all of the Current Bonds outstanding are to be redeemed, an identification of the Current Bonds or portions thereof to be redeemed. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Bondowner receives such notice. Prior to each redemption date, the Bond Registrar shall make provision, to the extent funds are then available therefor, for the payment of the redemption price of the Current Bonds to be redeemed on such date by setting aside and holding in trust an amount sufficient to pay such redemption price. Upon presentation and surrender of any such Bond at the main corporate trust office of the Bond Registrar on or after the date fixed for redemption, the Bond Registrar shall pay the redemption price of such Bond (including accrued interest) from the funds set aside for such purpose.

All of said Current Bonds as to which the City reserves and exercises the right of redemption and as to which notice as aforesaid shall have been given, and for the retirement of which, upon the terms aforesaid, funds are duly provided, will cease to bear interest on the redemption date.

The required notice shall be deemed to have been given upon the City furnishing Notice of Redemption to the Bond Registrar and upon the Bond Registrar acknowledging that it has instructions to send such notice and that it will do so at the proper time, even if the time for furnishing such notice has not yet arrived.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the Series 1996 Bonds, have existed, have happened and have been performed, in due time, form and manner as required by law, that the amount of this Series 1996 Bond, together with all other obligations of said City, does not exceed any limit prescribed by the Constitution or Statutes of the Commonwealth of Kentucky, and that a sufficient portion of the gross income and revenues of the System has been pledged to and will be set aside into the Sinking Fund by the City for the prompt payment of the principal of and interest on this Series 1996 Bond and all of the Series 1996 Bonds, and all other bonds ranking on a parity therewith, including the Prior Bonds and those which may be issued hereafter.

IN WITNESS WHEREOF, said City of Hopkinsville, in the Commonwealth of Kentucky, has caused this Series 1996 Bond to be executed on its behalf with the duly authorized reproduced facsimile signature of the Mayor of said City, and the reproduced facsimile of its Corporate Seal to be imprinted hereon and attested by the reproduced facsimile signature of its City Clerk, dated as of the fifteenth day of June, 1996; provided, however, that this Series 1996 Bond shall not be valid or become obligatory for any purpose, or be entitled to any security or benefit under the Current Bond Ordinance pursuant to which it was authorized until the Authentication Certificate of Bond Registrar printed hereon shall have been executed by the manual signature of a duly authorized representative of the Bond Registrar.

CITY OF HOPKINSVILLE, KENTUCKY

By \_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

(City Seal)

(FORM OF AUTHENTICATION CERTIFICATE OF REGISTRAR)

AUTHENTICATION CERTIFICATE OF REGISTRAR

This is to certify that this Series 1996 Bond is one of the Series 1996 Bonds referred to in the within Series 1996 Bond and in the Current Bond Ordinance authorizing same.

The Authentication Date of this Series 1996 Bond is: \_\_\_\_\_.

FIRST CITY BANK & TRUST COMPANY  
Hopkinsville, Kentucky, Bond Registrar

By \_\_\_\_\_  
Authorized Officer

(FORM OF ASSIGNMENT)

ASSIGNMENT

For value received, the undersigned hereby sells, assigns, and transfers unto  
\_\_\_\_\_ the  
within Series 1996 Bond and hereby irrevocably constitutes and appoints \_\_\_\_\_

\_\_\_\_\_ attorney to transfer said Series 1996 Bond on the books kept for  
registration and transfer of this Series 1996 Bond, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed By:

Social Security Number or  
other taxpayer  
identification number:

\_\_\_\_\_

**ORDINANCE NO. 01-2002**

**BOND ORDINANCE**

**AUTHORIZING**

**CITY OF HOPKINSVILLE  
WATER AND SEWER  
REFUNDING REVENUE BONDS  
SERIES 2002**

**DATED FEBRUARY 15, 2002**

**IN THE AMOUNT OF \$5,095,000**

## INDEX

<u>SECTION</u>	<u>TITLE</u>	<u>PAGE</u>
1	Definitions. . . . .	2
2	Authorization of Bonds. . . . .	6
3	Bonds Issued as Fully Registered Bonds; Registered Owners. . . . .	6
4	Place of Payment; Manner of Execution; and Provision as to Prior Redemption. . . . .	7
5	Reaffirmation of Declaration of Combined and Consolidated System. . . . .	9
6	Mutilated, Lost, Stolen or Destroyed Current Bonds. . . . .	9
7	Authentication of Bonds. . . . .	9
8	Current Bonds Payable Out of Revenues on a Parity with Prior Bonds. . . . .	10
9	Bond Form. . . . .	10
10	Compliance with Parity Requirements of Prior Bond Ordinance. . . . .	14
11	Provisions of Prior Bond Ordinance Incorporated Herein; Funds; Initial Deposits and Adjustments in Required Deposits into Various Funds. . . . .	15
	(a) Prior Provisions and Adjustments. . . . .	15
	(b) Deposits into Sinking Fund Reserve. . . . .	15
	(c) Deposits into Sinking Fund. . . . .	16
	(d) Deposits into Depreciation Fund. . . . .	16
	(e) Deposits into Operation and Maintenance Fund. . . . .	17
	(f) Surplus Funds. . . . .	17
12	Rates and Charges for Services of the System. . . . .	18
13	Inferior Bonds; Additional Parity Bonds; Surplus Facilities . . . . .	19
14	Sale of Bonds. . . . .	22
15	Acceptance of Bid for Purchase of Current Bonds. . . . .	22
16	Disposition of Proceeds of Current Bonds . . . . .	23
17	Limitations on Investment of Funds. . . . .	23
18	Defeasance of Bonds. . . . .	25
19	Contractual Nature of Ordinance. . . . .	25
20	Events of Default; Bondowners Remedies . . . . .	26
21	Covenant to Require Use of Sewer System . . . . .	27
22	Supervision of Combined and Consolidated Waterworks and Sewer System Vested in Hopkinsville Water Environment Authority; Contractual for Benefit of Bondholders . . . . .	27
23	Signatures of Officers. . . . .	27
24	Appointment and Duties of Bond Registrar, Transfer Agent and Payee Bank. . . . .	27
	(a) Duties as Bond Registrar and Transfer Agent. . . . .	27
	(b) Duties as Payee Bank. . . . .	28